

Message Text

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45

ACTION ARA-10

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PASS TO OED/MEPD AND OIM

EO 11652 NA
TAGS: BENC VE BEXP
SUBJ: MAJOR PROJECT: RAILROAD
REF: CARACAS 9342, STATE 199364

1. EMBOFF ACCOMPANIED W C PERKINS, ASST MGR
L A OPERATIONS, MORRISON KNUDSEN INTERNATIONAL AND
ERIC NATHAN, MAQUINARIAS MENDOZA, DURING THEIR APPINTMENT
WITH SECGEN LYON LUCHESSI OF RAILROAD INSTITUTE.
PERKINS HAD TWO QUESTIONS: WHAT IS INSTITUTE'S RESPONSE
TO US CONSORTIUM'S LETTER(PARA EIGHT REF) AND IS
THERE A POSSIBILITY OF EXTENDING THE BID DEADLINE?
LYON'S RESPONSE WAS NEGATIVE TO THE FIRST AND POSITIVE
TO THE SECOND.

2. REGARDING THE TARGET PRICE ESTIMATE FORMUL PROPOSED
BY THE US CONSORTIUM, LYON STONEWALLED. QTE. WE HAVE
CONSULTED REGARDING YOUR LETTER AND HAVE DECIDED TO
CONTINUE IN LICITATION AS PLANNED.AS I TOLD YOU
TWO WEEKS AGO, BID AS INSTRUCTED; DO NOT SUBMIT A
CONDITIONAL BID. YOU MAY, OF COURSE, SUBMIT A FIRM
BID BUT ALSO SUBMIT A SEPARATE ADDENDUM WITH YOUR
FORMULA AS AN ALTERNATIVE BID PROCEDURE. ONLY THE US
HAS SUBMITTED A LETTER. THE GERMANS VOICED CONCERN RE
THE BONDING REQUIREMENTS AT OUR MEETINGS; THIS IS NOT
THE SAME AS A FORMAL REQUEST. NOBODY ELSE HAS OBJECTED.
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UNQTE.

3. REGARDING A POSTPONEMENT, LYON VERIFIED THAT THE BRITISH HAD REQUESTED A DELAY IN SUBMISSION OF BIDS. HE VOLUNTEERED THAT IF A SUBSTANTIAL NUMBER OF BIDDERS SO REQUESTED THE INSTITUTE WOULD HAVE NO CHOICE BUT TO ACCEDE. HE SUGGESTED TO PERKINS THAT HE SEND A LETTER REQUESTING POSTPONMENT AND IN AN ASIDE MENTIONED NINETY DAYS. FYI WE UNDERSTAND FROM GERMAN EMBASSY THAT THEY AND SEVERAL OTHER EMBASSIES(CANADA, BELGIUM, PERHAPS JAPAN) WILL REQUEST DELAY TO JAUARY FIFTEEN.

4. DURING ENSUING DISCUSSION, LYON READILY AGREED THAT ONLY US FIRMS HAD THE PRACTICAL EXPERIENCE IN CARRYING OUT THE MASSIVE EARTHMOVING REQUIRED IN THIS PROJECT. HE WAS INTERESTED IN MK'S EXPERIENCE IN BUILDING THE IRON-ORE RAILROAD IN LABRADOR AS LEADER OF A CONSORTIUM WITH TWO CANADIAN CONTRACTORS AND SAID THAT THE INSTITUTE WOULD HAVE NO OBJECTION TO A TWO-COUNTRY CONSOTIUM. IN FACT, HE REMINDED PERKINS THAT HE HAD ENCOURAGED THE MARRIAGE OF PULLMAN AND MK. THERE IS SOME EVIDENCE THAT THE FRENCH AND BELGIANS ARE ALSO THINKING ALONG THIS LINE, HE SAID.

5. IN AN EARLIER REHEARSAL, PERKINS TOLD US THAT MK NOW PLANS TO BE THE LEAD SLED DOG ON THIS PROJECT. ALTHOUGH FURTHER DISCUSSION WITH PULLMAN SWINDELL RE ENGINEERING DESIGN ARE NEEDED, THE MAIN DIVISIONS OF RESPONSIBILITY HAD BEEN WORKED OUT WITH PULLMAN AND PARSONS. MK IS NOW MORE INTERESTED THAN BEFORE, ACCORDING TO PERKINS. SUBSEQUENT TO THE LYON MEETING, HE DID NOT EXPRESS DISMAY AT LYON'S REJECTION, FEELING THAT IT WAS EXPECTED AND THAT AN AVENUE WAS STILL OPEN. HE HAD LUNCHEDED WITH OSWALDO MARTINEZ, PRESIDENT OF INTEVEN-INGENIEROS TECNICOS VENEZOLANOS, C A AND PRESIDENT OF THE CAMARA VENEZOLANA DE LA CONSTRUCCION WHO EXPRESSED INTEREST IN PARTICIPATING IN THE DOWNSTREAM BUSINESS AND AGREED THAT A FIXED PRICE BID IS OUT OF THE QUESTION. ERIC NATHA, WHO ARRANGED THE LUNCH, FEELS CONFIDENT THAT MARTINEZ WILL EXPRESS THIS OPINION AT THE HIGHEST LEVEL OF THE GOV. ACCORDING TO NATHAN, MARTINEZ IS PARTNER OF LIMITED OFFICIAL USE

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MINISTER OF COMMUNICATIONS IN PRIVATE BUSINESS VENTURES AND INTENDS TO ATTEMPT TO EDUCATE LATTER ON TARGET ESTIMATE BIDDING ON THIS PROJECT.
VAKY

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